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Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information
Washington, D. C.

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To Editors of Farm Journals:

The following information is for your use.

DeWitt C. Wing and Francis A. Flood

DeWitt C. Wing and Francis A. Flood,
Specialists in Information.

EDITORS OF FARM JOURNALS CONFER IN WASHINGTON

On invitation from Secretary of Agriculture Henry A. Wallace, the editors of most of the leading farm journals in the United States held a series of conferences with heads of various bureaus, divisions and sections of the Department of Agriculture and the Agricultural Adjustment Administration in Washington, March 21, 22 and 23, 1935. It was the second annual meeting of members of the group with these officials in the national capital. Approximately the same number of editors was present at last year's three-day conference in February.

Secretary Wallace opened this week's conference by discussing national agricultural problems with the editors for more than an hour. Adjourning for a brief meeting of their own, the editors chose Dr. Clarence Poe, editor of The Progressive Farmer, as their group leader for the three-day schedule of conferences. A committee of three editors was appointed to prepare a statement of the group's "convictions on certain vital issues", addressed to President Roosevelt and to Secretary Wallace. This statement follows:

"The agricultural editors of America, meeting in annual conference here for a consideration of governmental and other policies affecting the welfare of American farmers, beg to present for your thoughtful consideration the following statement of our convictions regarding certain vital issues.

"1. We wish first of all to make it emphatically clear that the forces seeking agricultural adjustment do not aim at scarcity and exorbitant prices for farm products, but only at normal production and normal prices. Our objective is correctly defined in the phrase, 'Balanced Abundance.' American industry has always refused to keep factories running and factory employees at work to pile up dangerously unprofitable surpluses, and American agriculture seeks to do no more than this. We seek only to secure prices which will give farmers the same purchasing power they had in 1909-14, when the farmer's share of the national income was certainly not excessive. Given that minimum of justice and reward, agriculture is willing to produce whatever degree of abundance is neces-

sary to maintain the highest living standards to which Americans should aspire. We call upon industry to meet agriculture by setting out to produce goods in similar abundance and without either exorbitant profits for owners or excessive costs of distribution, to the end that farmers and others may buy in the almost prodigal manner needed to make American farms, homes and families as well-equipped as our twentieth century demands. By the same token, we call upon labor to meet agriculture by re-adjusting present excessive wages in building trades, and by abandoning demands for such general shortening of hours as the proposed 30-hour week which could only result in increasing the cost of manufactured goods, with the consequent inability of farmers to buy freely and thereby do their part in restoring prosperity, speeding up all industrial operations and the general re-employment of labor.

"2. Agriculture has never failed to provide adequate quantities of foodstuffs, for which farmers customarily receive less than two-fifths of the consumer dollar, while more than three-fifths is paid for processing, transportation and distribution. Upon commerce and industry, therefore, rather than upon agriculture, rests the larger responsibility for preventing undue increases in costs of living.

"3. In view of the natural limits of food consumption, diminished foreign markets, and the lowered rate of population increase, we believe every possible encouragement should be given to the expansion of non-food uses for farm grown materials and for the early commercialization of known processes in this field. We urge that the maximum of attention should be given this idea as a means of providing substitutes for excessive acreages of staple crops.

"4. We deplore all misguided proposals that would lessen efficiency in agriculture, industry, or labor. Efficiency of crop and animal production deserves no less emphasis than heretofore and should be matched with equal efficiency in farm marketing and business policies. Efficiency should be used to increase leisure and enrich life.

"5. While farmers need and desire the active and powerful help of the Government in solving the gigantic problems confronting them, agriculture cannot achieve proper dignity, nor can it be regarded as having really succeeded, no matter how great its financial prosperity may be, unless it has developed its own strong leadership, leading and interpreting an informed and organized rural public opinion. To this end we believe that the Administration should much more definitely foster and encourage the cooperative movement among farmers, and should recognize and utilize all constructively-minded farm organizations.

"6. We urge continued aggressive efforts by industry and agriculture, with Government cooperation, to increase our foreign trade in all possible ways.

"7. It is apparent that organized forces which tend to confuse and disunite farmers and exaggerate conflicts of interest are at work throughout the country. We therefore pledge our active support to the leadership which, through the processes of economic democracy, makes for national unity.

"8. The ever-increasing degree of tenancy in the United States is a menace not only to agriculture but to the stability of our American institutions. It is high time to inaugurate an aggressive campaign for converting tenants into home-owners and to do this upon terms as favorable to home purchasers as have been offered by European governments. We specifically urge Congress to perfect legislation along the principle of the Bankhead-Jones proposals for the assistance of tenant farmers, and promptly to put this machinery at the service of tenants aspiring to possess homes of their own.

"9. We reassert our firm belief that America's economic and social future rests primarily upon agriculture, and we have full faith that American farmers will continue to uphold and preserve our most treasured national traditions and ideals.

"10. In conclusion we express our appreciation of the fearless and aggressive leadership provided for American agriculture through Secretary Wallace and his aids. Without attempting to force a unanimity of opinion about all details we rejoice in the intelligence and alertness of this leadership and promise it our continuing support of its main objectives and sympathetic and constructive criticism of policies and mechanisms looking to the major objective."

Following are the names of the editors or representatives of the farm journals who signed the foregoing statement:

| <u>Editor or Representative</u> | <u>Paper Represented</u> |
|---------------------------------|---------------------------------|
| Wheeler McMillen | The Country Home |
| Paul D. Sanders | The Southern Planter |
| Dr. Tait Butler | The Progressive Farmer |
| James G. Watson | The New England Homestead |
| J. D. Harper | The National Livestock Producer |
| Estes P. Taylor | Agricultural Leaders' Digest |
| L. R. Neel | The Southern Agriculturist |
| Victor H. Schoffelmayer | The Dallas News |
| Raymond H. Gilkeson | The Kansas Farmer |
| Ray Yarnell | Capper's Farmer |
| Cliff Stratton | Capper Publications |
| Tom L. Wheeler | The Indiana Farmer's Guide |
| Berry H. Akers | The Farmer |
| A. W. Ricker | The Farmers' Union Herald |
| Dr. Clarence Poe | The Progressive Farmer |
| W. A. Cochel | The Weekly Kansas City Star |
| Samuel R. Guard | The Breeder's Gazette |
| L. R. Lounsbury | The Guernsey Breeder's Journal |
| E. R. Eastman | The American Agriculturist |
| Ray T. Kelsey | The Ohio Farmer |
| James R. Moore | Ohio Farm Bureau News |
| Charles M. McLennan | The Florida Farm and Grove |
| Otto O. Schaefer | Successful Farming |

Milon Grinnell
Wm. A. Haffert
Marvin H. Walker
Stanley Andrews
Dan A. Wallace

The Michigan Farmer
New Jersey Farm and Garden
The Florida Grower
The Arkansas Farmer
St. Paul, Minn.

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WHEAT PLAN MODIFIED TO MEET POSSIBLE DROUGHT

Removal of restrictions on the planting of spring wheat this year for those farmers under wheat allotment contracts, who sign agreements to offset 1935 increases with corresponding reductions next year, has been announced by Secretary of Agriculture Henry A. Wallace.

The action is intended, for the benefit of both consumers and producers, to anticipate and offset reductions in yield from possible recurrence of drought in several of the major wheat producing states, where rainfall and subsoil moisture are still subnormal. It applies also to contract signers' plantings of excess winter wheat for pasture purposes. This wheat now may be allowed to mature for harvest by agreement with the Secretary.

With rainfall conditions reassuring over most of the country, and great areas in the major producing regions including the corn belt well watered by rains and snows, drought conditions are now confined to the western parts of the Dakotas, Nebraska, Kansas, Oklahoma, and the Texas Panhandle and to eastern parts of Colorado, Wyoming and Montana. Some portions of this region have benefited by precipitation since March 1.

Planting of an additional 900,000 to 2,300,000 acres to spring wheat in 1935 and an increased production of from 10 million to 30 million bushels of spring wheat is made possible through the modification of the wheat contract which has been approved for offer to producers by Chester C. Davis, Administrator of the Agricultural Adjustment Act.

The additional plantings are being authorized because the continuation of drought conditions in the strip of territory in the western great plains has made wheat production this year uncertain. While wheat supplies already have been reduced until this year's July 1 carry-over will be only about normal, or around 150 million bushels, none of the factors that contributed to the surplus of 1933 -- loss of foreign markets, foreign tariffs and quotas -- has been removed. But along with the present relaxation, the Adjustment Administration has developed an ever-normal granary plan, as provided in pending amendments to the Adjustment Act, which could be utilized to absorb any new wheat surplus which might develop, thus ironing out wide fluctuations in supply to the benefit of both producers and consumers.

The privilege of unrestricted planting under adjustment contracts is conditioned upon agreement of individual producers to enter into a 1936 wheat production adjustment plan, if offered, and to make additional reductions in their 1936 plantings corresponding to the increases in the 1935 plantings.

Winter wheat plantings for the 1935 crop are completed and the increased acreage will be mainly in the hard spring wheat States, most of which suffered severe losses from the drought last year, and in the Pacific Northwest. The States materially affected are: North Dakota, South Dakota, Minnesota, Montana, Wyoming, Wisconsin, Illinois, Nebraska, Colorado, Iowa, Idaho, Washington, Oregon and Utah.

Although rains in the dry parts of the wheat area still might result in a good crop, the change in the contract requirements was made because the possibility of another drought in the western part of the Great Plains region is recognized, and steps to forestall its possible consequences are thought desirable.

Precipitation in a strip of the western plains area has been much below normal and there the deficiency of subsoil moisture as a result of the 1934 drought has persisted. Dust storms have occurred this spring, similar to those of the spring of 1934. The percentage of normal precipitation which the major wheat states received during 1934 and January and February of 1935 is shown in the following table.

| State | Percent Precipitation was of Normal | | |
|--------------|-------------------------------------|---------------|---------------|
| | 1934 | January, 1935 | February 1935 |
| Idaho | 87 | 93 | 42 |
| Illinois | 89 | 106 | 67 |
| Iowa | 85 | 97 | 104 |
| Kansas | 74 | 91 | 76 |
| Minnesota | 80 | 164 | 37 |
| Missouri | 85 | 109 | 76 |
| Montana | 73 | 93 | 29 |
| Nebraska | 61 | 36 | 86 |
| North Dakota | 54 | 87 | 43 |
| Oklahoma | 85 | 89 | 78 |
| Oregon | 101 | 82 | 61 |
| South Dakota | 65 | 44 | 97 |
| Texas | 87 | 81 | 123 |
| Utah | 73 | 61 | 75 |
| Washington | 110 | 152 | 64 |
| Wisconsin | 100 | 161 | 76 |
| Wyoming | 77 | 46 | 68 |

The adaptation of the wheat program is one of a series of steps taken by the Agricultural Adjustment Administration, first to help the farmers through the worst drought on record and conserve the nation's food supply in 1934, and, second, to complete the recovery from consequences of drought this year, so as to give consumers double assurances of ample national food supplies.

For the benefit of producers and consumers, virtually all the important adjustment programs provide for expansion of production this year over last year's production provisions. The allotments to contracting hog producers are one-fifth larger for 1935 than for 1934, providing for an increase from 75 percent to 90 percent of the base. The maximum allotment to corn producers is one-eighth larger. Winter wheat allotments were increased by 5 percent of the base acreage and the action announced today allows full planting by contracting spring wheat growers who agree to offset this year's increases in their 1936 plantings. In addition, to which, emergency forage crops may be grown on the acreage shifted from basic crops under all contracts. Also acreages taken out of cotton and tobacco may be used for producing forage and pasture for consumption on the farm. The cotton contract provides for enlarging production from 60 to 65 percent of the base, and increases over the past year are provided in all tobacco programs except that for Burley.

Last year, when acute drought conditions developed, the requirement of planting at least 54 percent of the base acreage of producers was waived in the drought area. This permitted emergency planting of drought-resistant forage crops on areas so dry as to remove any possibility of growing wheat. This step is also being taken this year, where producers request it, but such acreage reduction forced by drought will be at least partly offset through the lifting of restrictions and consequent increases in acreage where conditions are favorable for planting.

Modification of the program will have no effect on the 1935 adjustment payments to producers. These will be computed according to the terms of the original wheat contract. Through this continuance of adjustment payments, the crop-income insurance feature of the program, which was widely helpful to producers in the 1934 drought, is maintained.

Cooperating producers thus have assurance of some income through the adjustment payments made upon their domestic allotments, which are based on past average production and are not affected by the current crop. These payments averaged \$176 per year per farm for the 577,000 wheat adjustment contracts for the first two years of the program. The average payment per farm was considerably higher in the principal wheat States, where production per farm is higher than the national average.

Before recommending the removal of restrictions on wheat planting for this year, the wheat section considered the probable situation under four sets of conditions. These were (1) plantings held to contract limits and normal weather prevailing for the remainder of the crop season; (2) weather conditions similar to those of 1934 and plantings held within contract limits; (3) normal weather and unrestricted plantings; and (4) weather conditions similar to 1934 and unrestricted plantings.

The studies of the situation showed that if no changes were made in the present program, the carryover on July 1, 1936, would be from 50 to 185 million bushels, depending upon the extent of possible drought. However, by lifting restrictions on planting, it was estimated that the carryover on July 1, 1936, would range between 60 million and 210 million bushels, depending upon the weather. In view of our present restricted foreign outlets for wheat, a carryover of 200 million bushels is considered normal, if accompanied by an ever-normal granary plan.

After studying all information available, under all four sets of possible conditions, the Adjustment Administration decided that the best course would be to lift restrictions upon this spring wheat planting.

The provision in the pending amendments to the Adjustment Act for the ever-normal granary plan and the requirement that in order to plant without restriction growers must enter into individual agreements to offset this year's increased plantings with corresponding reductions next year, were considered an ample safeguard against accumulation of uncontrollable surpluses.

Under the pending AAA amendments it would be possible, in event favorable weather caused a new wheat surplus, to pay to those wheat contract signers so desiring, their benefit payments in wheat in lieu of cash as a consideration for acreage reduction in the year following that of surplus production. The aim of the ever normal granary plan is to make it possible for the nation to carry ample reserve supplies of food, without risking the farm price collapse which formerly resulted from uncontrolled surpluses.

In addition to the reduction which producers agree to make in their 1936 plantings, the modification of the contract provides that in the case of producers who sign a contract and also have other farms not under contract, the limitations on the other farms remain in force during 1935.

The following table indicates the probable increase in acreage and production which the modification will make possible in the States affected. The table shows the percentage of each State's wheat crop which is spring wheat, the probable additional acreage under drought and normal conditions, and the probable additional production under drought and normal conditions:

| State | Percent Spring Wheat | Estimated Additional Acreage | | Estimated Additional Production 1921-30 Av. yields | 1934 Yields |
|-------------------------------------|----------------------------|------------------------------------|---------|---|----------------|
| | | Normal : | Drought | | |
| (in thousands of acres and bushels) | | | | | |
| North Dakota | 100 | 992 | 248 | 10,416 | 595 |
| South Dakota | 99.7 | 351 | 88 | 3,580 | 9 |
| Minnesota | 89.5 | 85 | 42 | 1,207 | 340 |
| Montana | 81.5 | 432 | 144 | 5,227 | 1,022 |
| Wyoming | 65.0 | 24 | 12 | 283 | 84 |
| Wisconsin | 60.0 | 1 | 1 | 19 | 16 |
| Illinois | 6.8 | 7 | 7 | 137 | 47 |
| Nebraska | 5.1 | 25 | 12 | 330 | 37 |
| Colorado | 20.5 | 45 | 11 | 572 | 64 |
| Iowa | 11.0 | 1 | 1 | 16 | 7 |
| Total Hard Spring Area | | 1,963 | 566 | 21,787 | 2,221 |
| Idaho | 49.0 | 98 | 98 | 2,411 | 2,352 |
| Washington | 51.0 | 194 | 194 | 2,910 | 3,298 |
| Oregon | 17.2 | 40 | 40 | 760 | 740 |
| Utah | 31.0 | 21 | 21 | 584 | 462 |
| Total Soft Wheat Areas | | 353 | 353 | 6,665 | 6,852 |
| Total | | 2,316 | 919 | 28,452 | 9,073 |

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850,000 FARMERS HAVE APPLIED FOR CORN-HOG CONTRACTS

Field reports from the major corn and hog producing states indicate that nearly 850,000 farmers have signed applications for 1935 corn-hog contracts, W. O. Fraser, acting chief of the corn-hog section, announced today. Mr. Fraser also stated that distribution of the final instalment of benefit payments under the 1934 program has now reached a total of \$8,797,663.14. The 1935 application sign-up to date in each of the major corn-hog states is as follows:

Iowa, 132,500; Illinois, 90,000; Missouri, 80,000; Nebraska, 76,000; Minnesota, 63,000; Indiana and Kansas, approximately 56,000 each; Ohio and South Dakota, about 45,000 each; Oklahoma, 34,000; Texas, 33,000 and Kentucky, 24,500.

Nebraska reports 12 counties with more signers than they had in 1934. Nebraska also leads in the number of new signers as more than 7,500 of the 1935 applicants did not participate in the corn-hog program last year. Minnesota has more than 5,000 new signers; Kansas, 4,000; Illinois, Ohio, Texas and Missouri, more than 3,000 each; and Kentucky and Tennessee, about 2,000 each. No reports have been received on the number of new signers in Iowa and some of the other States.

Floods have interfered with the sign-up campaign in southeastern Missouri and elsewhere along the Mississippi river, but it is believed that by April 1, the closing date, every eligible producer will have had an opportunity to come into the program.

Administration officials, however, do not expect the number of 1935 signers to reach the 1934 total of 1,155,000. Several separately-owned tracts operated by a tenant may be covered by one contract this year while last year one contract could not cover more than two such separately-owned tracts. At the same time, the aggregate corn acreage to come under contract this year is expected to compare favorably with the acreage under contract last year. For example, the total number of 1935 contracts expected in Illinois is about 85 percent of the number signed in 1934 but the corn acreage coverage is expected to be only 5 percent less than in 1934.

Farmers who sign the 1935 corn-hog contract will be eligible for loans on farm-stored corn under the Government loan program scheduled for next fall, Mr. Fraser points out. These loans, however, will be made or extended to a contract signer only upon corn produced on the particular farming unit which the signer has under contract. Thus a contract signer with a number of farms will not become eligible for loans on corn produced on all of his holdings if only a part of his farms are under contract.

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COTTON LOAN POLICY DESCRIBED BY SECRETARY WALLACE

With applications for allotments under the Bankhead Cotton Control Act being received in the cotton belt, Secretary of Agriculture Henry A. Wallace has announced that a minimum allotment of the full amount of his base production would be made to each cotton producer with an established base production of not more than two bales. This is in accordance with the policy announced several weeks ago, when the 1935 regulations under the Bankhead Act were approved. Under the existing regulations tenants operating a part of a farm do not have a separate base.

Discussing the prospects for successful control of the 1935 cotton crop and the lending policy of the Government, Secretary Wallace made the following statement:

"With the planting season under way, it is important that cotton producers be more fully acquainted with the plans of the Government which will concern the 1935 cotton crop. We are proceeding to make allotments in the manner which has previously been announced. No cotton farmer has any

warrant to expect that his allotment will be in excess of 65 percent of his base production, unless the farm which he is operating has an established base production of two bales or less. In that event, he will receive a minimum allotment equal to the amount of his average production, but no more. We are administering the Bankhead Act as it is now written and, in my judgment, it would be hazardous for any cotton farmer to make plans for the 1935 crop in conflict with the existing approach for control of cotton production.

"The 12 cent loans on the 1934 cotton holdings will be extended beyond the maturity date of July 31, 1935. As to a loan on the 1935 crop, it is the purpose of the Administration to provide adequate credit facilities to cotton farmers to permit the orderly marketing of the new crop. It should be emphasized, however, that the Commodity Credit Corporation will make no loans on the 1935 cotton crop to any producer who is not cooperating in the cotton program under the Agricultural Adjustment Act nor will any loans be made on the 1935 crop to any producer for an amount of cotton in excess of his allotment under the Bankhead Act."

Secretary Wallace further stated that reports from the field indicated progress in the administration of the control program. Field workers are advising cotton producers that to comply with the terms of the Bankhead Act and the amendments to the 1934-1935 contracts under the Agricultural Adjustment Act, not more than 65 percent of the base acreage should be planted to cotton.

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LAST DATE FOR EXERCISE OF COTTON OPTIONS HELD BY INCOMPETENTS

Secretary of Agriculture Henry A. Wallace has fixed April, 20, 1935, as the last date upon which holders of cotton option contracts, which have not been exercised because of the physical or legal incompetence of their holders, may be exercised. There are 883 cotton option contracts for 1,968 bales that fall within this classification.

These cotton option contracts were issued to producers as part payment for participation in the 1933 emergency adjustment program. The final date for their exercise was June 30, 1934, but in fixing that date the Secretary indefinitely exempted contracts held by persons physically or legally incompetent to exercise them before that date. Today's order fixes a final date upon which contracts in this classification may be exercised.

Between now and April 20, 1935, holders of cotton option contracts within the classification of this order may secure the benefits thereof by exercising their option through direct sale or through joining the 1935 cotton producers' pool. Producers who elect to join the pool will exchange their options for participation trust certificates in the cotton producers' pool. Cotton option contracts not exercised by April 20 will be terminated without reservations.

The outstanding cotton-option contracts in this classification do not in any way affect the participation-trust certificates in the 1933 cotton producers' pool.

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UNDEREXERCISED COTTON OPTIONS CALLED AS OF MARCH 23

Cotton option contracts on which the exercise of option was extended by the Secretary of Agriculture from May 1, 1934, have been called as of March 22, 1935, it has been announced by the manager of the 1933 cotton producers' pool. The options will be called at 12 1/2 cents a pound, less carrying charges of 40 cents a bale per month for such time as charges have accrued against cotton option contracts. Approximately 1,470 options covering 10,958 bales of cotton are affected by this decision.

These options were issued to producers as part payment for participation in the 1933 emergency cotton adjustment program. Producers originally were given until May 1, 1934, to exercise them either by direct sale or by exchanging them for participation trust certificates in the 1933 cotton producers' pool. Some of the total number of options issued were not exercised by that date and an extension of time for exercise of the options was granted with the proviso "That after May 1, 1934, if such extension is granted, the Secretary of Agriculture may, at his discretion, exercise the option for me, provided the price be not less than 12 1/2 cents per pound."

The Secretary, on February 28, 1935, designated the manager of the 1933 cotton producers' pool as his agent to exercise the options "at such date or dates as will insure that the cotton held against such options can be sold at or above 12 1/2 cents per pound and settlement can be made with the optionees as provided in Form C-5 B."

The cotton covered by the exercise of these options does not in any way affect the operations of the 1933 cotton producers pool.

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TENTATIVE AMENDED EVAPORATED MILK AGREEMENT SIGNED

An amended marketing agreement for the evaporated milk industry has been tentatively approved by Secretary of Agriculture Henry A. Wallace for submission to the members of the industry. The amended agreement was drafted after discussion at a public hearing and careful study of the developments under the agreement, which originally became effective on September 9, 1933. When signed by a majority of the manufacturers, the agreement will be returned to the Agricultural Adjustment Administration for final approval and effective date.

As submitted to the industry for signature, the tentative agreement provides somewhat increased prices to producers in certain areas by means of the formula; open selling prices on case goods to be filed with the

Secretary of Agriculture and the managing agent of the industry; and the selection of the industry committee on a volume basis.

Additional provision is made for check-testing and weighing of milk by representatives of producers who desire to institute this service at the evaporating plants where milk is delivered.

The principal change in the agreement is the abolition of maximum and minimum resale price lists and the substitution of the open price system. The agreement provides for a license, if desired by the industry.

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APPLICATIONS BY APRIL 15 FOR SPECIAL-BASE TOBACCO CONTRACTS

The period for receiving applications for Special Base Tobacco Contracts for 1935 will be closed in the flue-cured tobacco areas on March 30 and in the Burley and western dark tobacco areas on April 15, it is announced by the Agricultural Adjustment Administration.

Tobacco history of land and persons in the years 1929 to 1934, together with the labor, barns and equipment available for tobacco production on the land in 1935, are considered in establishing the base under special base contracts. These contracts are intended to provide for allotments in 1935 to those tobacco growers who cannot obtain equitable allotments under production adjustment contracts. Special base contracts are not available to growers who can obtain equitable allotments under regular production adjustment contracts.

Since nearly all tobacco growers can obtain equitable allotments under either the production adjustment contracts or the special base contracts, it is expected that few, if any, allotments of tax-payment warrants will be made to non-contracting growers in 1935.

The period for receiving applications for special base contracts for 1935 is being closed in order that growers may be notified as to their allotments prior to the time for planting the 1935 crop.

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1935 ADJUSTMENT PROGRAM FOR SOUTHERN RICE ANNOUNCED

The 1935 rice production adjustment program for Louisiana, Arkansas and Texas, involving benefit payments to cooperating growers and financed by a processing tax of 1 cent a pound on rough rice, has been announced by the Agricultural Adjustment Administration. The program is based upon an amendment to the Agricultural Adjustment Act relating to rice, which provides that the tax will become effective April 1, 1935.

Rice acreage in the states mentioned is to be reduced 20 percent from the 1929-33 average. The amount of acreage to be planted is called the "allotment", and the corresponding average production is called "quota". The total allotment for the Southern states is 642,000 acres, while the quota is 7,743,888 barrels of 162 pounds each. Allotments and quotas by states are as follows:

| | <u>Allotment</u> (Acres) | <u>Quota</u> (Barrels) |
|-----------|-----------------------------|---------------------------|
| Louisiana | 364,500 | 3,898,333 |
| Arkansas | 135,000 | 1,834,722 |
| Texas | 142,500 | 2,010,833 |

The purpose of the program is to adjust production to the current level of consumption and to further liquidate the surplus of rice stocks now in the hands of growers and millers. The adjustment below the 1929-33 base production sought under the 1935 program is approximately equal to that requested last year when the crop control provisions of a marketing agreement were used to adjust rice production in the South and the acreage this year will be as large as that of last year. The marketing agreement resulted in an increase of prices to growers of approximately 100 percent over the disastrously low prices of 1932 but a surplus accumulated in the hands of growers.

The objectives of the new program are to insure that growers will continue to receive an income from the market price and adjustment payments in the neighborhood of last year's income; that the surplus from the 1934 crop will be moved into trade channels; and that production in 1936 will equal normal domestic and export requirements.

The state allotments and quotas are to be assigned to individual growers on the basis of their rice production history during the base period, which in Arkansas and Louisiana will be 1929-33 and in Texas 1931-33. Texas farmers last year expressed their preference for the three-year base period as being more representative of their rice production history, but in order to keep their total individual allotments and quotas within the allocations to their state, the Texas reduction is a 22 percent reduction from the 3-year average as compared with a 20 percent from the 5-year average for producers in the other two states.

Adjustment payments to cooperating producers will be made on 85 percent of their quotas, since no processing tax income is derived from the 15 percent which ordinarily is used for seed or exported.

Growers who plant as much as 85 percent of their acreage allotments and not more than 100 percent, will receive full adjustment payments on 85 percent of their production quotas. Those who plant less than 85 percent of their acreage allotment will receive proportionately smaller payments. For example, a grower with an acreage allotment of 100 acres and a production quota of 1,000 barrels will receive payments on 850 barrels, provided he plants as much as 85 acres and not more than 100 acres. If he plants 80 acres, his payments will be based on 800 barrels, and if he plants

50 acres, his payments will be based on 500 barrels. Acreage will be measured in order to determine compliance. If the acreage planted exceeds 100 percent of the acreage allotment, the producer will be given an opportunity to retire the excess acreage from production in order to comply with his contract.

Adjustment payments will be made in two installments. The first payment will be 81 cents a barrel on 85 percent of the production quota, after acreage compliance has been checked; that is, as soon after August 1, 1935, as practicable. A second payment, the amount of which will depend upon the revenue from the processing tax, the amount necessary for rebates on exports, and the cost of administration, will be made as soon after December 1, 1935, as practicable. All producers with rice production histories, including those who did not take part in the 1934 adjustment program, will be given an opportunity to participate in the program for this year. In all cases, however, rice production records submitted by growers will be reviewed by local and state committees and will be subject to necessary adjustments.

The contract provides that the producer may pledge for production credit in whole or in part his right to any adjustment payments and that the producer may designate in the contract a payee to receive such adjustment payments.

The field work of the program will be directed by the Extension Service in each state. Community committees of three grower members each will assist producers in filing applications for allotments and quotas and in filling out declarations of farm acreage and contracts. A declaration of farm acreage form will be filled out for each producer operating on a farm. This form will show the acreage allotment and quota of each producer and the amount of his allotment which each producer is assigning to a particular farm. This form is expected to be particularly helpful in checking compliance of growers operating more than one farm, as it will show how the producers intend to allocate their allotment among their several units.

The county committees, also of three members each, will coordinate the activities of the community committees. They will check contracts and consider appeals before these are passed on to the State committees. The latter, also made up of three rice farmers, will assign individual allotments and quotas, and check and certify contracts.

The application forms used in 1934 will be used again this year so that producers who submitted applications last year need not fill out these forms. Contract forms and declaration of farm acreage forms are now being prepared and will be distributed as soon as they are printed.

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CALIFORNIA RICE INDUSTRY PROGRAM OUTLINED

The Agricultural Adjustment Administration has announced the 1935 rice production adjustment program for California. The program, to be financed by a processing tax of 1 cent a pound on rough rice, provides for benefit payments to cooperating producers. An amendment to the Agricultural Adjustment Act relating to rice provides that the processing tax on this commodity will become effective April 1, 1935.

The program is designed to reduce the rice acreage in California 20 percent from the 1927-34 average. The amount of acreage to be planted is called the "allotment" and the corresponding average production is called the "quota." The State allotment is 94,296 acres, while the State quota is 2,708,810 100-pound sacks of paddy rice.

This quota approximately equals the requirements of the markets normally supplied by growers in California. Last year the crop control provisions of a marketing agreement were used to adjust rice production in that state. The marketing agreement resulted in an increase of prices to growers of approximately 100 percent over the disastrously low prices of 1932, but a surplus accumulated in the hands of growers. The objectives of the new program are to insure that growers will continue to receive an income from market price and adjustment payments in the neighborhood of last year's income; that the surplus from the 1934 crop will be moved into trade channels; and that production will meet all normal consumption requirements.

The Secretary of Agriculture, in approving the new program, also terminated Article 9 of the California Rice Marketing Agreement, so far as it affects the 1935 program. This Article provided for the initiation in 1935 of a crop control program similar to that used in 1934. Termination of Article 9 does not in any way disturb the winding up of the 1934 program in the manner provided in the marketing agreement.

The allotment and quota for the state are to be distributed to individual growers on the basis of their rice production history during the period 1929-33. The production data compiled last year by the crop board under the marketing agreement for the California rice industry will be used in connection with the program, subject to such revision as may be necessary.

The adjustment payments to cooperating producers will be made on 85 percent of their quotas, since no processing tax income is derived from the 15 percent of their crop which ordinarily is used for seed, or exported.

Producers who plant as much as 85 percent of their acreage allotments and not more than 100 percent, will receive full adjustment payments on 85 percent of their production quotas. Those who plant less than 85 percent of their acreage allotment will receive proportionately smaller payments. For example: A grower with an acreage allotment of 100 acres and a production quota of 3,000 bags will receive payments on 2,550 bags, provided he plants as much as 85 acres and not more than 100 acres. If he plants 80 acres, his payments will be based on 2,400 bags and if he plants 50 acres, his payments will be based on 1,500 bags. Acreage will

be measured in order to determine compliance, and if the acreage planted exceeds 100 percent of the acreage allotment, the producer will be given an opportunity to retire the excess acreage from production in order to qualify for payments.

Adjustment payments will be made in two installments. The first payment, amounting to 50 cents per 100-pound bag, will be made after acreage compliance has been checked, that is, as soon after August 1, 1935, as practicable. A second payment, the amount of which will depend upon the amount of revenue from the processing tax, the amount necessary for rebates on exports, and the cost of administration, will be made as soon after December 1, 1935, as practicable.

All growers with rice production histories, including those who did not take part in the 1934 adjustment program, will be given an opportunity to participate in the program for this year. In all cases, however, production records submitted by growers will be reviewed by district and state committees and will be subject to necessary adjustments.

The contract provides that the producer may pledge for production credit in whole or in part his right to any adjustment payments and that the producer may designate in the contract a payee to receive such adjustment payments.

The California Extension Service will assist with the field work of the program. District committees, composed of three members elected by cooperating growers, will assist producers in filing applications for allotments and quotas, in filling out other forms, and in checking them before forwarding them on to the State committee. The district committees also will consider appeals and bring them to the attention of the State committee where necessary. The State committee, which will be made up of three growers and a representative of the California Extension Service, will assign individual allotments and quotas, and check and certify contracts.

Contract forms and other printed matter to be used in the program are now being prepared and will be sent to the field as soon as they are available.

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REPORTING SUGAR BEET ACREAGE EXTENDED TO APRIL 1

The final date for filing reports of sugar beet acreage contracted for by beet-sugar companies for the 1935 season has been extended from March 25 to April 1, the Sugar Section of the Agricultural Adjustment Administration has announced.

Allotted acreage not contracted for by April 1 will be released to a national reserve for re-allotment to other districts. This general procedure has been approved by representatives of both producers and processors.

The period in which processors may contract for acreage has been extended in order to give opportunity to complete contracting in all districts in which there has been delay. Allotments have already been made to districts and to individual producers. Re-allotment of acreage not contracted for by April 1 is planned in order that the sugar beet industry for the country as a whole may have ample opportunity to plant sufficient acreage to produce, with average yields, the 1935 marketing allotment of 1,550,000 short tons of sugar.

In addition to providing for re-allotment of acreage not placed under contract the sugar beet program calls for re-allotment of any acreage under purchase contract, which is not planted by a certain date. The schedule of closing dates on planting of this acreage is to be worked out for each of the various districts by representatives of the Sugar Section, processors, the county agents, and the district production control committees.

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GROWERS MAY SIGN TEMPORARY SUGAR BEET AGREEMENTS

Temporary acreage agreements, to be replaced later by purchase contracts, may be signed by sugar-beet producers and processors in order to determine the amount of acreage allotments expected to be grown this year in each beet-sugar district, the sugar section of the Agricultural Adjustment Administration has announced.

"This temporary procedure has been adopted by the sugar section to assist producers in protecting their acreage allotments, because full agreement on purchase contracts has not been reached in all areas," said John E. Dalton, chief of the sugar section. "It does not lessen the necessity for producers to enter into purchase contracts and to plant sugar-beets by a specified date in order to hold their acreage, but it will enable the sugar section to determine for each district the acreage on which producers and processors agree."

The present allotment schedule calls for processors to file reports by April 1 on acreage contracted for this season. Where the terms of the purchase contracts have not been agreed upon, the land covered by acreage agreements may be reported instead. Acreage allotments not covered by contracts or agreements by April 1 will be released to the national reserve for re-allotment to other districts.

Final planting dates are to be determined for each district by representatives of the sugar section, processors, the district production control committee, and the county agent. Acreage contracted for or agreed upon which is not planted by the specified date will be made available for reallocation to other producers.

The allotment procedure has been devised in order to afford the sugar beet industry the fullest possible opportunity to plant sufficient acreage to produce, with average yields, the national marketing quota of 1,550,000 short tons of sugar. The general procedure has been approved by representatives of producers and processors.

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REVISED ENTRY OF SUGAR FOR RE-EXPORT AIDS CANNING INDUSTRY

Revisions clarifying the procedure that governs the entry of sugar into continental United States for re-export or for re-delivery into customs custody were approved March 16 by R. G. Tugwell, Acting Secretary of Agriculture, the Agricultural Adjustment Administration has announced. The procedure in the revised form is known as General Sugar Order No. 1, Revision 1. The order is of interest chiefly to refiners who export sugar in refined form, and to the canning industry, especially on the Pacific coast, for which industry the original order was found to be unsuited.

Under the revision the following classes of sugar may enter continental United States under bond without being charged to the quotas for the respective areas established under the Jones-Costigan Act:

- (a) Sugar brought into continental United States for the purpose of being processed and exported or shipped as sugar, and not to be used for domestic consumption in continental United States;
- (b) Sugar released from United States Customs custody and control for the sole purpose of being processed and returned thereto; and
- (c) Sugar imported into continental United States to be manufactured into articles to be exported or shipped from continental United States with benefit of drawback, or to be designated as the basis of a claim for drawback.

The revision provides for greater flexibility in determining the amount of the bond required for entry of these classes of sugars, and the time limit of such bonds, and otherwise clarifies the original order.

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1934 WAGE COMPLIANCE NECESSARY FOR NEXT LOUISIANA SUGAR PAYMENT

Settlement of outstanding wage claims of laborers in connection with the production of the 1934 crop of sugarcane will be required as part of the necessary compliance with the Louisiana sugarcane production adjustment contract before the final 1934 and first 1935 adjustment payments can be made to producers, the sugar section of the Agricultural Adjustment Administration has announced.

The adjustment contract signed by producers provides for payment of such wage claims before final payments are made.

In order to expedite the next adjustment payments to producers, the sugar section has requested those laborers who have unpaid wage claims in connection with the 1934 sugarcane crop to make written complaint to the local parish production control committee by April 25. Where claims are not presented by that time the producer will be considered as having complied with this section of the contract.

The parish committee will attempt to reach a settlement in all cases where there are complaints. In cases where settlement cannot be reached locally, the complaints are to be referred to Marcel J. Voorhies, representative of the sugar section in Louisiana, with headquarters at Baton Rouge.

In addition to the settlement of wage claims, compliance with the contract will include certification of 1934 sugarcane marketings and acreage in sugarcane for the 1935 crop. The details of such certification are to be announced by the sugar section within the next few days.

Approximately 90 percent of the first 1934 adjustment payment has now been made to cooperating producers in the Louisiana sugarcane program. These payments totalled \$2,385,990 as of March 18.

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AAA TO REQUEST APPEAL FROM RULING ON DECIDUOUS LICENSE

The Agricultural Adjustment Administration has announced that it would request the Department of Justice to prosecute an immediate appeal from a Federal District Court's refusal to restrain E. S. Small, fruit shipper, Yakima, Wash., from continuing in business without a license.

Monday, March 18, the United States District Court for the Eastern District of Washington denied a Government petition for a preliminary injunction to restrain Small from doing business as a shipper of northwest fresh deciduous tree fruit. Small's license had been revoked by the Secretary of Agriculture, after hearings, on charges of having sold fruit at a price below the minimum fixed by the control committee of the industry and of failure to pay assessments representing his share of the expense of administering the marketing agreement and license.

The District Court held the licensing provisions of the Agricultural Adjustment Act unconstitutional as an improper delegation of legislative power to the Secretary of Agriculture, and denied the Government's request for an injunction upon this ground. It further held, however, that the license did not violate the due process clause of the fifth amendment to the Constitution, and could be sustained as a proper regulation of interstate commerce.

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LICENSE OF ST. LOUIS FRUIT COMPANY REVOKED

An order revoking the license of Rudin Brothers, Inc., St. Louis, Mo., to handle and ship fresh deciduous tree fruit grown in the States of Washington, Oregon, Montana and Idaho, was signed March 22 by Secretary of Agriculture Henry A. Wallace. The order will become effective March 27.

The corporation against which the order was issued has now been dissolved and the stockholders, while still engaged in business, are not handling fruits from the territory covered by the license. The corporation

was charged with violating provisions of the license, and evidence was presented by attorneys for the Adjustment Administration at a public hearing held at St. Louis February 26 and 27.

At the hearing it was announced that the corporation would be dissolved. The individual officers and stockholders of Rudin Brothers, Inc., are Jacob Rudin and Leonard Cohn, who now operate under the trade name of Rudin Brothers Distributing Co., and Morris Cornfield, now operating under the name of Morris Cornfield and Co. Both of these firms are handling fruits and vegetables from other sections.

Neither of the new companies is handling fruits from the Pacific Northwest; and at the hearing both stipulated that they would not handle such fruit without first obtaining licenses to do so, and that they would abide by the terms of any licenses to operate in the Pacific Northwest that might be granted them by the Secretary.

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CALIFORNIA-ARIZONA CITRUS PACT AMENDED

Secretary of Agriculture Henry A. Wallace has signed an amended marketing agreement and license for the California-Arizona citrus fruit industry, which provides for the selection of alternates for the regular members of the growers' advisory committee and the distribution committee, who may be absent from a meeting.

Under former provisions, any member unable to attend could not have his place filled unless he tendered his resignation in writing and until the committee received written notification of the selection of his successor. When the regular member was ready to resume his place, a similar procedure was required. The amendment, which removes this handicap to smooth functioning, was proposed by the growers' advisory committee and approved by shippers who last season handled over 80 percent of the total shipments. It will become effective March 26.

The amendment also deletes a provision which would have prevented a member of the growers' advisory committee from holding a place on any national stabilization committee which may be formed.

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HEARING ON AMENDMENTS TO FRESH VEGETABLE AGREEMENT

Proposed amendments to the marketing agreement and license for shippers of fresh lettuce, peas and cauliflower grown in Western Washington will be considered at a public hearing in Seattle on March 29, the Agricultural Adjustment Administration has announced.

The suggested amendments contain provisions which practical experience last season has revealed as desirable to facilitate and make more effective the operation of the agreement. The proposed new points include regulation of grades and sizes shipped, day-to-day control of railroad shipments, proration of lettuce shipments subject to prior approval by the Secretary

of Agriculture, standardization of containers, and Federal-State inspection of lettuce and cauliflower, as well as of fresh peas for which provision is made in the present agreement.

Regulation of grades and sizes to be shipped, it is pointed out, would not only serve as one method of volume control; but, by preventing shipment of products the poor quality of which often results in a price too low to cover marketing costs, would shield growers from out-of-pocket losses. Control of rail shipments is designed to maintain an even flow to markets which would reduce price fluctuations.

Standardization of containers, it is believed, would reduce loss from breakage and further would help growers through such marketing efficiencies as standardized loading practices, and better containers because of simplification.

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SUGAR TAX FUND FOR HAWAIIAN SOIL SURVEY

The allotment of \$7,500 of Hawaiian sugar processing tax funds for the purpose of initiating a soil survey in the Territory of Hawaii has been made in an order signed by Secretary of Agriculture Wallace and approved by President Roosevelt, the Agricultural Adjustment Administration has announced.

The allotment, made in Hawaii Tax Fund Order No. 1, is authorized by the Jones-Costigan Amendment to the Agricultural Adjustment Act, which provides that processing tax funds on sugar grown in the insular areas may be expended for the general benefit of agriculture in those areas.

The purpose of the survey is to secure comprehensive data on the adaptability of soils in various areas in the Territory, particularly to serve as a guide in the use of land for crop diversification.

The survey has been recommended by the Hawaiian Agricultural Advisory Committee appointed by the Secretary of Agriculture. The Bureau of Chemistry and Soils of the Department of Agriculture, which will collaborate with the University of Hawaii, has been placed in charge of the technical work of the proposed survey.

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